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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2017.

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______.

Commission File Number 000-26108

AMERICAN CANNABIS COMPANY, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**90-1116625** (I.R.S. Employer Identification No.)
5690 Logan St. Unit A **Denver, Colorado** (Address of principal executive offices)	**80216** (Zip Code)

(303) 974-4770
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]\

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

On May 22, 2017, 51,434,050 shares of common stock were outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN CANNABIS COMPANY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash and equivalents	$ 1,663,208	$ 751,038
Accounts receivable, net	117,315	164,451
Inventory	28,788	42,500
Prepaid expenses and other current assets	19,616	9,825
Total Current Assets	**1,828,927**	**967,814**
Property and equipment - net	10,308	11,639
Other Assets	59,500	4,500
TOTAL ASSETS	**1,898,735**	**983,953**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	52,302	55,782
Accounts payable, related party	—	14,325
Advances from clients	434,591	222,188
Accrued and other current liabilities	176,220	36,724
Total Current Liabilities	**663,113**	**329,019**
Total Liabilities	**663,113**	**329,019**
Commitments and contingencies		
Shareholders' Equity		
Common stock, $0.00001 par value; 100,000,000 shares authorized; 51,425,095 and 49,847,593 issued and outstanding at March 31, 2017 and December 31, 2016, respectively	514	498
Additional paid-in capital	6,176,056	5,389,384
Accumulated deficit	(4,940,948)	(4,734,948)
Total Shareholders' equity	**1,235,622**	**654,934**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	**$ 1,898,735**	**$ 983,953**

The accompanying notes are an integral part of these condensed unaudited financial statements

AMERICAN CANNABIS COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenues		
Consulting services	$ 573,297	$ 247,610
Products and equipment	43,861	292,794
Total revenues	617,158	540,404
Costs of revenues		
Cost of consulting services	61,825	48,552
Cost of products and equipment	85,059	235,009
Total costs of revenues	146,884	283,531
Gross profit	470,274	256,873
Operating expenses		
General and administrative expenses	641,005	223,487
Selling and marketing expenses	38,235	20,815
Research and development expenses	468	—
Investor Relations	5,195	17,175
Total operating expenses	684,903	261,477
Income (loss) from operations	(214,629)	(4,604)
Interest income	8,629	—
Interest expense	—	(8,953)
Total other income (expense)	8,629	(8,953)
Net income (loss) before income taxes	(206,000)	(13,557)
Income tax expense (benefit)	—	—
Net income (loss)	$ (206,000)	$ (13,557)
Basic and diluted net income (loss) per common share *	$ (0.00)*	$ (0.00)*
Weighted average basic and diluted common shares outstanding	51,063,412	44,881,991

* Denotes a loss of less than ($0.01).

The accompanying notes are an integral part of these condensed unaudited financial statements

AMERICAN CANNABIS COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from operating activities:		
Net loss	$ (206,000)	$ (13,557)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Bad Debt Expense	30,879	—
Depreciation	1,105	1,214
Amortization of discount on convertible note payable	—	8,998
Stock-based compensation to employees	299,000	7,529
Stock-based compensation to service providers	—	1,100
Loss on Disposal of Property and Equipment	227	—
Consulting Services in Exchange for Joint Venture Investment	(55,000)	—
Accounts receivable	16,257	21,018
Inventory	13,712	(33,960)
Prepaid expenses and other current assets	(9,791)	(10,704)
Advances from Clients	212,403	(72,883)
Accrued liabilities and other current liabilities	24,496	(21,722)
Accounts payable, related party	(14,325)	—
Accounts payable	(3,480)	(163,555)
Net cash provided by and used in operating activities	309,483	(276,522)
Cash flows from investing activities:		
Purchases of property and equipment	—	(1,805)
Net cash (used in) investing activities	—	(1,805)
Cash flows from financing activities:		
Proceeds from issuance of common stock	602,687	—
Net cash provided by financing activities	602,687	—
Net increase (decrease) in cash and cash equivalents	912,170	(278,327)
Cash and cash equivalents at beginning of period	751,038	555,780
Cash and cash equivalents at end of period	$ 1,663,208	$ 277,453
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ —	$ —
Cash paid for income taxes	$ —	$ —

The accompanying notes are an integral part of these condensed unaudited financial statements

AMERICAN CANNABIS COMPANY, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 and 2016, and THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

Note 1. Description of the Business

American Cannabis Company, Inc. and its subsidiary Company, Hollister & Blacksmith, Inc., doing business as American Cannabis Consulting ("American Cannabis Consulting"), (collectively "the "Company") are based in Denver, Colorado and operate a fully-integrated business model that features end-to-end solutions for businesses operating in the regulated cannabis industry in states and countries where cannabis is regulated and/or has been de-criminalized for medical use and/or legalized for recreational use. The Company provides advisory and consulting services specific to this industry, designs industry-specific products and facilities, and manages a strategic group partnership that offers both exclusive and non-exclusive customer products commonly used in the industry. American Cannabis Company, Inc. is a publicly listed company quoted on the OTCQB under the symbol "AMMJ".

Note 2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company has elected a fiscal year ending on December 31. Certain balance sheet reclassifications have been made to prior period balances to reflect the current period's presentation format; such reclassifications had no impact on the Company's consolidated statements of operations or consolidated statements of cash flows and had no material impact on the Company's consolidated balance sheets.

Use of Estimates in Financial Reporting
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amount of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the financial statements during the periods presented. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period in which they are deemed to be necessary. Significant estimates made in the accompanying financial statements include but are not limited to following: those related to revenue recognition, allowance for doubtful accounts and unbilled services, lives and recoverability of equipment and other long-lived assets, contingencies and litigation. The Company is subject to uncertainties, such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates. When no estimate in a given range is deemed to be better than any other when estimating contingent liabilities, the low end of the range is accrued. Accordingly, the accounting estimates used in the preparation of the Company's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements.

Unaudited Interim Financial Statements
The accompanying unaudited financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments consisting of normal recurring entries necessary for a fair statement of the periods presented for: (a) the financial position; (b) the result of operations; and (c) cash flows, have been made in order to make the financial statements presented not misleading. The results of operations for such interim periods are not necessarily indicative of operations for a full year.

Cash and Cash Equivalents
The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are held in operating accounts at a major financial institution.

Accounts Receivable
Accounts receivable are recorded at the net value of face amount less an allowance for doubtful accounts. The Company evaluates its accounts receivable periodically based on specific identification of any accounts receivable for which the Company deems the net realizable value to be less than the gross amount of accounts receivable recorded; in these cases, an allowance for doubtful accounts is established for those balances. In determining its need for an allowance for doubtful accounts, the Company considers historical experience, analysis of past due amounts, client creditworthiness and any other relevant available information. However, the Company's actual experience may vary from its estimates. If the financial condition of its clients were to deteriorate, resulting in their inability or unwillingness to pay the Company's fees, it may need to record additional allowances or write-offs in future periods. This risk is mitigated to the extent that the Company receives retainers from its clients prior to performing significant services.

The allowance for doubtful accounts, if any, is recorded as a reduction in revenue to the extent the provision relates to fee adjustments and other discretionary pricing adjustments. To the extent the provision relates to a client's inability to make required payments on accounts receivables, the provision is recorded in operating expenses. As of March 31, 2017, and December 31, 2016, the Company's allowance for doubtful accounts was $62,295 and $31,421, respectively. The Company recorded bad debt expense during the three months ended March 31, 2017 of $30,879 and $0 during the three months ended March 31, 2016.

Deposits
Deposits is comprised of advance payments made to third parties, primarily for inventory for which the Company has not yet taken title. When the Company takes title to inventory for which deposits are made, the related amount is classified as inventory, then recognized as a cost of revenues upon sale.

Inventory
Inventory is comprised of products and equipment owned by the Company to be sold to end-customers. Inventory is valued at cost, based on the specific identification method, unless and until the market value for the inventory is lower than cost, in which case an allowance is established to reduce the valuation to market value. As of March 31, 2017, and December 31, 2016, market values of all of the Company's inventory were greater than cost, and accordingly, no such valuation allowances were recognized.

Prepaid Expenses and Other Current Assets
Prepaid expenses and other current assets is primarily comprised of advance payments made to third parties for independent contractors' services or other general expenses. Prepaid services and general expenses are amortized over the applicable periods which approximate the life of the contract or service period.

Significant Clients and Customers
For the three months ended March 31, 2017, three customers individually accounted for $487,075 of the Company's total revenues; these customers accounted for approximately 78% of the Company's total revenues for the period. For the three months ended March 31, 2016, five customers individually accounted for $514,824 of the Company's total revenues and, in the aggregate, the comprised 95% of the Company's revenues, for the period.

Property and Equipment, net
Property and Equipment is stated at net book value, cost less depreciation. Maintenance and repairs are expensed as incurred. Depreciation of owned equipment is provided using the straight-line method over the estimated useful lives of the assets, ranging from two to seven years. Costs associated with in-progress construction are capitalized as incurred and depreciation is consummated once the underlying asset is placed into service. Property and equipment is reviewed for impairment as discussed below under "Accounting for the Impairment of Long-Lived Assets." The Company did not capitalize any interest as of March 31, 2017.

Accounting for the Impairment of Long-Lived Assets
The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon such an occurrence, recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to forecasted undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For long-lived assets held for sale, assets are written down to fair value, less cost to sell. Fair value is determined based on discounted cash flows, appraised values or management's estimates, depending upon the nature of the assets. The Company had not recorded any impairment charges related to long-lived assets as of March 31, 2017 or December 31, 2016.

Beneficial Conversion Feature
If the conversion features of conventional convertible debt provides for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded by the Company as a debt discount pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ACF”) Topic 470-20 Debt with Conversion and Other Options. In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and the Company amortizes the discount to interest expense, over the life of the debt using the effective interest method.

Revenue Recognition
Revenue is recognized in accordance with FASB ASC Topic 605, Revenue Recognition. The Company recognizes revenue when persuasive evidence of an arrangement exists, the related services are rendered or delivery has occurred, the price is fixed or determinable and collectability is reasonably assured.

The Company generates revenues from sales of industry-specific products and professional services consulting agreements. Consulting agreements are generally entered into on a time basis, for a fixed-fee or on a contingent fee basis. Generally, a prepayment or retainer is required prior to performing services.

Revenues from time-based engagements are recognized as the hours are incurred by the Company.

Revenues from fixed-fee engagements are recognized under the completed or proportional performance methods. Management reviews arrangement to determine whether or not the fixed-fee is for a final deliverable or act which is significant to the arrangement as a whole. If it is, revenue is recognized under the completed performance method, in which revenue is recognized once the final act or deliverable is performed or delivered. Revenue recognized under the proportional performance method is recognized as services are performed. Under this method, the Company estimates the amount of completed work in comparison to the total services to be provided under the arrangement or deliverable in order to determine the amount of revenue to be recognized. Revenue recognition is affected by a number of factors that change the estimated amount of work required to complete the deliverable, such as changes in scope, timing, awaiting notification of license award from local government, and the level of client involvement. Losses, if any, on fixed-fee engagements are recognized in the period in which the loss first becomes probable and reasonably estimable. During the three-month periods ended March 31, 2017 and March 31, 2016, no such losses have occurred. The Company believes if an engagement terminates prior to completion it can recover the costs incurred related to the services provided.

The Company has some arrangements for which revenues are contingent upon achieving a pre-determined deliverable or future outcome. Any contingent revenue for these arrangements is not recognized until the contingency is resolved and collectability is reasonably assured.

The Company's arrangements with clients may include terms to deliver multiple services or deliverables. These contracts specifically identify the services to be provided with the corresponding deliverable. The value for each deliverable is determined based on the prices charged when each element is sold separately or by other vendor-specific objective evidence ("VSOE"). Revenues are recognized in accordance with our accounting policies for the elements as described above. The elements qualify for separation when the deliverables have value on a stand-alone basis and the value of the separate elements can be established by VSOE or an estimated selling price. While assigning values and identifying separate elements requires judgment, generally selling prices of the separate elements are readily identifiable as the Company also sells those elements individually outside of a multiple services engagement. Contracts with multiple elements are typically fixed-fee or on time basis. Arrangements are typically terminable by either party upon sufficient notice and do not include provisions for refunds relating to services provided.

Differences between the timing of billings and the recognition of revenue are recognized as either unbilled services or deferred revenue in the accompanying balance sheet. Revenues recognized for services performed, but not yet billed to clients are recorded as unbilled services.

Reimbursable expenses, including those relating to travel, other out-of-pocket expenses and any third-party costs, are included as a component of revenues. Typically, an equivalent amount of reimbursable expenses are included in total direct client service costs. Reimbursable expenses related to time and materials and fixed-fee engagements are recognized as revenue in the period in which the expense is incurred and collectability is reasonably assured. Taxes collected from customers and remitted to governmental authorities are presented in the statement of operations on a net basis.

Revenue from product and equipment sales, including delivery fees, is recognized when an order has been obtained, the price is fixed and determinable, the product is shipped, title has transferred and collectability is reasonably assured. Generally, our suppliers' drop-ship orders to our clients with origin terms. For any shipments with destination terms, the Company defers revenue until delivery to the customer. During the three months ended March 31, 2017 and March 31, 2016, sales returns were not significant and as such, no sales return allowance had been recorded as of March 31, 2017 and December 31, 2016.

Costs of Revenues

The Company's policy is to recognize costs of revenue in the same manner in conjunction with revenue recognition. Cost of revenue includes the costs directly attributable to revenue recognition and includes compensation and fees for services, travel and other expenses for services and costs of products and equipment. Selling, general and administrative expenses are charged to expense as incurred.

Advertising and Promotion Costs

Selling and Marketing costs are included as a component of selling and marketing expense and are expensed as incurred. During the three months ended March 31, 2017 and March 31, 2016, these costs were $38,235 and $20,815, respectively.

Shipping and Handling Costs

For product and equipment sales, shipping and handling costs are included as a component of cost of revenues.

Stock-Based Compensation

Restricted shares are awarded to employees and entitle the grantee to receive shares of common stock at the end of the established vesting period. The fair value of the grant is based on the stock price on the date of grant. The Company recognizes related compensation costs on a straight-line basis over the requisite vesting period of the award. During the three months ended March 31, 2017 and March 31, 2016, the Company had employee stock-based compensation expense of $299,000 and $7,529, respectively. Compensation expense for warrants and options is based on the fair value of the instruments on the grant date, which is determined using the Black-Scholes valuation model. During the three months ended March 31, 2017 and March 31, 2016, there was no compensation expense for warrants or stock options.

Income Taxes

The Company's corporate status changed from an S-Corporation, which it had been since inception, to a C-Corporation during the year ended December 31, 2014. As provided in Section 1361 of the Internal Revenue Code, for income tax purposes, S-Corporations are not subject to corporate income taxes; instead, the owners are taxed on their proportionate share of the S-Corporation's taxable income. Accordingly, we were not subject to income taxes for the three months ended March 31, 2014. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse. We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. For the three months ended March 31, 2017, due to cumulative losses since our corporate status changed, we recorded a valuation allowance against our deferred tax asset that reduced our income tax benefit for the period to zero. As of March 31, 2017, and December 31, 2016, we had no liabilities related to federal or state income taxes and the carrying value of our deferred tax asset was zero.

Related Party Transactions

The Company follows FASB ASC subtopic 850-10, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions.

Pursuant to ASC 850-10-20, related parties include: a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825–10–15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

See Note 10, "Related Party Transactions" for associated disclosures.

Net Income (Loss) Per Common Share

The Company reports net income (loss) per common share in accordance with FASB ASC 260, "Earnings per Share". This statement requires dual presentation of basic and diluted earnings with a reconciliation of the numerator and denominator of the earnings per share computations. Basic net income (loss) per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period and excludes the effects of any potentially dilutive securities. Diluted net income (loss) per share gives effect to any dilutive potential common stock outstanding during the period. The computation does not assume conversion, exercise or contingent exercise of securities that would have an anti-dilutive effect on earnings.

Due to the Company's net losses for the three months ended March 31, 2017, any potentially dilutive shares outstanding for these periods, respectively, were not presented in the EPS computations, as their effect would have been antidilutive.

Recent Accounting Pronouncements

The Company has reviewed all the recently issued, but not yet effective, accounting pronouncements and it does not believe any of these pronouncements will have a material impact on the Company.

Reclassifications

Prior year amounts have been reclassified to conform to the current year presentation.

Note 3. Accounts Receivable, net

Accounts receivable, net, was comprised of the following as of March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Gross accounts receivable	$ 179,610	$ 195,872
Less: allowance for doubtful accounts	(62,295)	(31,421)
Accounts receivable, net	$ 117,315	$ 164,481

The Company had bad debt expense during the three months ended March 31, 2017 of $30,879. During the three months ended March 31, 2017 and 2016, the Company wrote-off old receivables and their related allowances for bad debts of $5 and $0, respectively.

Note 4. Inventory

Inventory as of March 31, 2017 and December 31, 2016 consisted of the following:

	March 31, 2017	December 31, 2016
Raw materials	$ 12,192	$ 16,614
Work in progress	3,601	—
Finished goods	20,197	25,886
Total	$ 28,788	$ 42,500

Note 5. Property and Equipment

Property and equipment, net, was comprised of the following as of March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Office equipment	$ 9,275	$ 9,275
Furniture and fixtures	9,949	10,175
Machinery and equipment	2,337	2,337
Property and equipment, gross	21,561	21,787
Less: accumulated depreciation	(11,253)	(10,148)
Property and equipment, net	$ 10,308	$ 11,639

Note 6. Other Assets

Other assets were comprised of the following as of March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Deposits	$ 4,500	$ 4,500
Joint venture investments	55,000	—
Other assets	$ 59,500	$ 4,500

Deposits as of March 31, 2017 and December 31, 2016 reflect down payments made to vendors and service providers.

As of March 31, 2017, the Company entered into a joint venture exchanging services valued at $55,000 for a 1% equity ownership in the joint venture. As of March 31, 2017, the joint venture has yet to begin operations.

Note 7. Accrued and Other Current Liabilities

Accrued and other current liabilities was comprised of the following at March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Accrued payroll liabilities	115,000	12,903
Other accruals	61,220	14,986
Accrued and other current liabilities	$ 176,220	$ 36,724

Note 8. Related Party Transactions

During the three months ended March 31, 2017, the Company incurred $10,650 of expense payable to Prince & Tuohey CPA, Ltd., a company in which J. Michael Tuohey, the Company's Chief Financial Officer, is an owner. Amounts owed as of March 31, 2017 and December 31, 2016, were $0 and $14,325, respectively.

Note 9. Stock-based Compensation

Restricted Shares

From time to time, the Company grants certain employees restricted shares of its common stock to provide further compensation in-lieu of wages and to align the employee's interests with the interests of its stockholders. Because vesting is based on continued employment, these equity-based incentives are also intended to attract, retain and motivate personnel upon whose judgment, initiative and effort the Company's success is largely dependent.

The following table summarizes the Company's restricted share award activity during the three months ended March 31, 2017:

	Restricted Shares Common Stock	Weighted Average Grant Date Fair Value
Outstanding unvested at December 31, 2016	-	$ -
Granted	930,227	0.92
Vested restricted shares	(200,000)	-
Forfeited	-	-
Outstanding unvested at March 31, 2017	730,227	$ -

During the three months ended March 31, 2017 and 2016, the Company granted 930,227 and 0 restricted shares respectively, and total stock-based compensation expense for restricted shares was $299,000 and $7,259 for the three months ended March 31, 2017 and 2016, respectively.

Warrants

As of March 31, 2017, and December 31, 2016, the Company issued fully-vested warrants to the Company's independent board member to purchase up to two hundred and fifty thousand (250,000) shares of common stock at an exercise price of sixty-three cents ($0.63) per share were outstanding, exercisable within five (5) years of the date of issuance on November 19, 2014. The grant date fair value of the warrants, as calculated based on the Black-Scholes valuation model, was $0.59 per share. There were no outstanding unvested warrants or new issuances of warrants during the three months ended March 31, 2017; consequently, no stock-based compensation expense associated with warrants was recorded during the three months ended March 31, 2017.

As of March 31, 2017, and December 31, 2016, as the exercise price per share exceeded the price per share of our common shares, there was no aggregate intrinsic value of outstanding warrants. As of March 31, 2017, and December 31, 2016, the warrants had 2.8 and 3.2 years remaining until expiration, respectively. No warrants were issued or outstanding during or preceding the three months ended March 31, 2017.

Stock Options

In addition to the warrants as described above, the Company's independent board member shall be eligible to receive options for 400,000 shares of common stock under the Company's incentive plan, as and when duly approved by the Board of Directors.

Stock Issuable in Compensation for Professional Services

From time to time, the Company enters into agreements whereby a professional service provider will be compensated for services rendered to the Company by shares of common stock in lieu of cash. During the three months ended March 31, 2017, no common stock was issued.

Note 10. Stockholders' Equity

Preferred Stock

American Cannabis Company, Inc. is authorized to issue 5,000,000 shares of preferred stock at $0.01 par value. No shares of preferred stock were issued and outstanding during the three months ended March 31, 2017, and 2016 respectively.

Common Stock

American Cannabis Company, Inc. is authorized to issue 100,000,000 common shares at $0.00001 par value per share.

On January 4, 2017, the Company issued 430,227 restricted shares to employees, valued at $184,000.

On January 10, 2017, pursuant to the amended and restated Investment Agreement between the Company and Tangiers Global, LLC, the Company sold 588,841 registered common shares to Tangiers for $414,544 net of applicable financing costs received March 3, 2017.

On February 22, 2017, pursuant to the amended and restated Investment Agreement between the Company and Tangiers Global, LLC, the Company sold 320,549 registered common shares to Tangiers for $188,143 net of applicable financing costs received on March 3, 2017.

Note 11. Subsequent Events

Except as discussed below, we have evaluated all events that occurred after the balance sheet date through the date when our financial statements were issued to determine if there were any reportable subsequent events. Management has determined that there were no reportable subsequent events to be disclosed.

On April 11, 2017, the Company issued 8,955 common shares to its former Chief Financial Officer, Jesus Quintero, pursuant to a contract.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements contained in this report that are not statements of historical fact, including without limitation, statements containing the words "believes," "expects," "anticipates" and similar words, constitute forward-looking statements that are subject to a number of risks and uncertainties. From time to time we may make other forward-looking statements. Investors are cautioned that such forward-looking statements are subject to an inherent risk that actual results may materially differ as a result of many factors, including the risks discussed from time to time in this report, including the risks described under "Risk Factors" in any filings we have made with the SEC.

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to useful lives of real estate assets, cost reimbursement income, bad debts, impairment, net lease intangibles, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates.

Background

American Cannabis Company, Inc. and subsidiary company, Hollister & Blacksmith, Inc., doing business as American Cannabis Consulting ("American Cannabis Consulting"), (collectively "the "Company", "we", "us", or "our") are based in Denver, Colorado and operate a fully-integrated business model that features end-to-end solutions for businesses operating in the regulated cannabis industry in states and countries where cannabis is regulated and/or has been de-criminalized for medical use and/or legalized for recreational use. The Company provides advisory and consulting services specific to this industry, manufactures proprietary industry solutions including; the Satchel™, SoHum Living Soils™, Cultivation Cube™ and the High Density Cultivation System.™ The Company also sells 3rd party industry-specific products and manages a strategic group partnership that offers both exclusive and non-exclusive customer products commonly used in the industry. American Cannabis Company, Inc. is a publicly listed company quoted on the OTCQB under the symbol "AMMJ".

We were incorporated in the State of Delaware on September 24, 2001 under the name Naturewell, Inc. to develop and market clinical diagnostic products using immunology and molecular biologic technologies.

On March 13, 2013, Naturewell, Inc. completed a merger transaction whereby it acquired 100% of the issued and outstanding share capital of Brazil Interactive Media, Inc. ("BIMI"), which operated as a Brazilian interactive television company and television production company through its wholly owned Brazilian subsidiary company, EsoTV Brasil Promoção Publicidade Licenciamento e Comércio Ltda. ("EsoTV"). Naturewell's Articles of Incorporation were amended to reflect a new name: Brazil Interactive Media, Inc.

On May 15, 2014, BIMI entered into a merger agreement ("the Merger Agreement") to acquire 100% of the issued and outstanding American Cannabis Consulting while simultaneously disposing of 100% of the issued share capital EsoTV ("the Separation Agreement"). Both the merger with American Cannabis Consulting and disposal of EsoTV were completed on September 29, 2014. BIMI subsequently amended its Articles of Incorporation to change its name to American Cannabis Company, Inc. On October 10, 2014, American Cannabis Company, Inc changed its stock symbol from BIMI to AMMJ.

Results of Operations

For the three months ended March 31, 2017 compared to three months ended March 31, 2016.

The following table presents our consolidated operating results for the three months ended March 31, 2017 compared to the three months ended March 31, 2016:

	Three Months Ended March 31, 2017	% of Revenues	Three Months Ended March 31, 2016	% of Revenues	$ Change
Revenues					
Consulting services	$ 573,297	92.9	$ 247,610	45.8	$ 325,687
Products and equipment	43,861	7.1	292,794	54.2	(248,933)
Total revenues	617,158	100.0	540,404	100.0	76,754
Costs of revenues					
Cost of consulting services	61,825	10.0	48,522	9.0	13,303
Cost of products and equipment	85,059	13.8	235,009	43.5	(149,950)
Total costs of revenues	146,884	23.8	283,531	52.5	(136,647)
Gross profit	470,274	75.2	256,873	47.5	213,401
Operating expenses					
General and administrative	641,005	103.9	223,487	41.4	417,518
Investor relations	5,195	0.9	17,175	3.2	(11,980)
Selling and marketing	38,235	6.2	20,815	3.9	17,420
Research and development	468	—	—	—	468
Total operating expenses	684,903	111.0	261,477	48.4	423,426
Income (loss) from operations	(214,629)	14.0	(4,604)	(0.9)	(210,025)
Interest income	8,629	1.4	—	—	8,629
Interest expense	—	—	(8,953)	(1.7)	8,953
Total other income (expense)	8,629	1.4	(8,953)	(1.7)	17,582
Net income (loss) before income taxes	(206,000)	(33.4)	(13,557)	(2.5)	(192,443)
Income tax expense (benefit)	—	—	—	—	—
Net income (loss)	$ (206,000)	(33.4)	$ (13,557)	(2.5)	$ 192,443

Revenues

Total revenues were $617,158 for the three months ended March 31, 2017 as compared to $540,404 for the three months ended March 31, 2016, an increase of $76,755. Consulting service revenues were $573,297 or 92.9% of total revenues for the three months ended March 31, 2017, versus $247,610 or 45.8% of total revenues for the three months ended March 31, 2016, we experienced a decrease in our product and equipment revenues as amounts for the three months ended March 31, 2017 were $43,861 or 7.1% of total revenues, versus $292,794 or 54.2% of total revenues for three months ended March 31, 2016. The decrease in equipment revenue was attributed to the lifecycle of client contracts with the company experiencing spikes in product revenues during facility design and build-outs. The company was not performing any facility build-outs for the three months ended March 31, 2017, while two facility build-outs were in-progress during the three months ended March 31, 2016.

Costs of Revenues

Costs of revenues primarily consist of labor, travel, cost of equipment and soil sold, and other costs directly attributable to providing services or products. During the three months ended March 31, 2017, our total costs of revenues were $146,884, or 23.8% of total revenues. This compares to total costs of revenues for the three months ended March 31, 2016 of $283,531 or 52.5% of total revenues. The decrease in costs of revenues of $136,647 was primarily due to the lower profit margins resulting from the sale of equipment as compared to consulting revenue. For the three months ended March 31, 2017, consulting-related costs were $61,825, or 15.5% of total revenue, as compared to costs of $48,522, or 9% of revenue for the three months ended March 31, 2016. Costs associated with products and equipment were $85,059, or 13.8% of total revenue for the three months ended March 31, 2017 as compared to $235,009, or 43.5% of total revenue for the three months ended March 31, 2016. As a percentage of revenues, the decrease was attributed to the lifecycle of client contracts with the company experiencing spikes in product revenues during design and facility build-outs. The company was not performing any design and facility build-outs for the three months ended March 31, 2017, while two facility build-outs were in-progress during the three months ended March 31, 2016.

Gross Profit

Total gross profit was $470,275 for the three months ended March 31, 2017, comprised of consulting services gross profit of $477,518 and products and equipment gross profit of ($7,243). This compares to total gross profit of $256,873 for the three months ended March 31, 2016, comprised of consulting services gross profit of $199,088 and products and equipment gross profit of $57,785. The increase of $278,430 for consulting services gross profit was due to growth in our client base and volume of operations. The decrease in products and equipment gross profit was due to the Company writing off $35,000 of products and equipment. As a percentage of total revenues, gross profit was 75.2% for the three months ended March 31, 2017 as compared to 47.5% for the three months ended March 31, 2016.

Operating Expenses

Total operating expenses were $684,903, or 103.9% of total revenues for the three months ended March 31, 2017, compared to $261,477, or 48.4% of total revenues for the three months ended March 31, 2016. This increase was primarily due to an increase in general and administrative expenses as the Company has incurred higher expenses for accounting, bad debts and legal fees all attributed to costs of running a public company; the increase was also attributed to reduced labor allocations transferred out of general and administrative expenses to direct project costs (cost of revenues) for the three months ended March 31, 2017 as compared to March 31, 2016. Also, the Company has reduced investor relations costs by $11,980 during the three months ended March 31, 2017 as compared with the three months ended March 31, 2016.

Other Income (Expense)

Other income (expense) for the three months ended March 31, 2017 was income of $8,629 as compared with expense of $8,953 for the three months ended March 31, 2016. The increase was the result of the Company recognizing income from financing activity and related interest.

Net Income (Loss)

As a result of the factors discussed above, net (loss) for the three months ended March 31, 2017 was $206,000 or (33.4) % of total revenues for the period, as compared to $13,577, or (2.5) % of total revenues for the three months ended March 31, 2016.

Liquidity and Capital Resources

As of March 31, 2017, our primary internal sources of liquidity were our working capital, which included cash and cash equivalents of $1,663,208 and accounts receivable of $117,315. We also have the ability to raise additional capital as needed through external equity financing transactions. For the three months ended March 31, 2017, the Company generated net cash flows were a use of $912,170. Additionally, considering that our fixed overhead costs are low, we have the ability to issue stock to compensate employees and management, and the level of future revenue we expect to generate from executed client contracts, we believe our liquidity and capital resources to be adequate to fund our operational and general and administrative expenses for at least the next 12 months without needing to raise additional debt or equity funding. There is no guarantee we will have the ability to raise additional capital as needed through external equity financing transactions if required.

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2017 was a use of $309,483, consisting of decreases in accounts payable of $3,480, and $14,325 due to payment of outstanding accounts payable to a related party, and an increase in advances from clients of $212,403 which related to new consulting engagements during the three months ended March 31, 2017. Net cash used in operating activities for the three months ended March 31, 2016 was $276,522 consisting of a loss of $13,557 decreases in accounts payable of $163,555 due to inventory product purchases, a decrease in advances from clients $72,883 which related to recognition of revenues from advances received during 2015 and inventory of $33,960 based on product purchases.

Investing Activities

For the three months ended March 31, 2017 and 2016, investing activities were a use of cash of $0 and ($1,805), respectively. The increase is due to investing activities related to the Company's sales of registered securities to Tangiers Global.

Financing Activities

For the three months ended March 31, 2017 and 2016, the net cash from financing activities was $602,687, and $0 respectively.

Off Balance Sheet Arrangements

As of March 31, 2017, and December 31, 2016, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Non-GAAP Financial Measures

We use Adjusted EBITA, a non-GAAP metric, to monitor our overall business performance. We define Adjusted EBITA as net income (loss) before interest expense, net, provision for (benefit from) income taxes, stock-based compensation and certain non-recurring expenses, which to date have been limited to costs associated with the Reverse Merger. We believe that such adjustments to arrive at Adjusted EBITA provides us with a more comparable measure for managing our business. We also believe that it is a useful measure for securities analysts, investors, and other interested parties in the evaluation of our Company.

A reconciliation of net income (loss) to Adjusted EBITA is provided below.

	Three Months Ended March 31, 2017 (Unaudited)	Three Months Ended March 31, 2016 (Unaudited)
Adjusted EBITA reconciliation:		
Net income (loss)	$ (206,000)	$ (13,557)
Stock-based compensation to employees	299,000	—
Stock-based compensation to service providers	—	1,100
Interest expense, net	—	8,953
Adjusted EBITA	$ (93,000)	$ (3,504)

ITEM 3. QUANTITATIVE & QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting Company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Management of the Company is responsible for maintaining disclosure controls and procedures that are designed to ensure that financial information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the timeframes specified in the Securities and Exchange Commission's rules and forms, consistent with Items 307 and 308 of Regulation S-K.

In addition, the disclosure controls and procedures must ensure that such financial information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial and other required disclosures.

As of March 31, 2017, an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act") was carried out under the supervision and with the participation of our Chief Executive Officer, Chief Financial Officer, and other persons carrying out similar functions for the Company. Based on the evaluation of the Company's disclosure controls and procedures, the Company concluded that during the period covered by this report, such disclosure controls and procedures were not effective.

The Company continues to employ and refine a structure in which critical accounting policies, issues and estimates are identified, and together with other complex areas, are subject to multiple reviews by accounting personnel. In addition, the Company evaluates and assesses its internal controls and procedures regarding its financial reporting, utilizing standards incorporating applicable portions of the Public Company Accounting Oversight Board's 2009 Guidance for Smaller Public Companies in Auditing Internal Controls Over Financial Reporting as necessary and on an on-going basis.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of the prevention or detection of misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Controls

The Company had no reportable changes to its internal controls over financial reporting for the period covered by this report.

The Company will continually enhance and test its internal controls over financial reporting on a continuing basis. Additionally, the Company's management, under the control of its Chief Executive Officer and Chief Financial Officer, will increase its review of its disclosure controls and procedures on an ongoing basis. Finally, the Company plans to designate, in conjunction with its Chief Financial Officer, individuals responsible for identifying reportable developments and the process for resolving compliance issues related to them. The Company believes these actions will focus necessary attention and resources in its internal accounting functions.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On January 20, 2016, we were named as a defendant in a civil suit entitled: Anthony Baroud vs. Hollister & Blacksmith, Inc., dba American Cannabis Company filed in the Circuit Court of Cook County, Illinois. The lawsuit sought damages of $100,000 related to a terminated employment contract. The Company filed a motion to dismiss the case based upon the employment contract, which required mandatory contractual arbitration of disputes. On May 18, 2016, the Circuit Court of Cook County, Illinois granted the Company's motion and the case was dismissed. On November 1, 2016, the Company received notice of a demand for arbitration filed with the American Arbitration Association by Mr. Baroud on October 27, 2016. The Company filed an answer denying liability and a cross compliant for damages against Mr. Baroud. The case is in litigation and an arbitration hearing is set for September 11-12, 2017. Based upon available information at this very early stage of litigation, management believes the likelihood of material loss resulting from this lawsuit to be remote.

ITEM 1A. RISK FACTORS

We are a smaller reporting Company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

No transactions meeting the reporting requirements of this item occurred during the periods covered by this report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No senior securities were issued and outstanding during the three and nine months ended March 31, 2017 or 2016.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

This list is intended to constitute the exhibit index.

10.1	Amended and Restated Investment Agreement dated August 4, 2016 between the Company and Tangiers Global, LLC.
10.2	Amended and Restated Registration Rights Agreement dated August 4, 2016 between the Company and Tangiers Global, LLC.
31.1	Certification of Principal Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

*Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

American Cannabis Company, Inc.

Date: May 22, 2017
By: /s/
Terry Buffalo, Chief Executive Officer
(Principal Executive Officer)

Date: May 22, 2017
By: /s/
J. Michael Tuohey, Chief Financial Officer
(Principal Financial Officer)